

Lexington, Kentucky April 26, 2005

The Council of the Lexington-Fayette Urban County Government, Kentucky convened in regular session on April 26, 2005 at 1:30 P.M. Present were Mayor Teresa Ann Isaac in the chair presiding, and the following members of the Council: Council Members Shafer, Stevens, Stinnett, Wigginton, Brown, Cegelka, DeCamp, Ellinger, Farmer, Gorton, Lane, McChord, Moloney, Myers and Scanlon.

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The Mayor gave her BUDGET ADDRESS as follows:

Vice Mayor, Council Members, employees, and residents of Fayette County, I am honored to have this time to talk to you about Lexington – your city and my city.

Whether you are running a business, finally building your dream house or raising your children to make it in the world, the message is the same – there are no short cuts to success. It requires sustained effort, and a little luck doesn't hurt.

Our city is like that too, requiring sustained effort to develop our potential. With this budget let's continue that process.

I am presenting to you today a General Fund budget in the amount of \$257,018,080 for fiscal year '06. It is balanced; it contains no layoffs, no tax increases, and no basic service interruptions.

It builds upon some of the efforts that we put forward a year ago and it moves us closer to the level of success that is within our grasp.

One of the highest priorities and responsibilities of our government is to provide for the public safety of our citizens. During the State of the Merged Government Address I indicated my intent to provide 70 police officers, 55 firefighters, and 25 corrections officers. This budget contains the commitment I made on January 19th of this year.

Additionally, this budget contains the funds for the first year of the collective bargaining agreement successfully negotiated with the police. It provides the stability and clarity necessary that will allow us to recruit and retain the public safety professionals that we need to protect Fayette County.

I must add that this collective bargaining agreement was reached without rancor, finger pointing or impasse. I commend the men and women on both sides who put in countless hours to get this done.

While we are still negotiating with the Division of Fire, I am optimistic that an agreement will be reached soon.

A year ago I introduced the concept of the Neighborhood Development Bond Program. Because of Council support, we were able to allocate \$2 million to be used to fund projects to improve neighborhood level community development.

We conducted five (5) meetings with residents from the diverse neighborhoods that ring downtown. In those meetings a set of working criteria for potential projects was presented and affirmed by the participants.

This process complimented the four Budget Chats the Commissioners, CAO and I had earlier this year to give citizens the chance to express things they would like to see in this year's budget.

Some of the participants from the Neighborhood Development Bond meetings are in the audience today. I would like to thank them for their participation.

I am pleased to present the following projects for Council approval:

- \$325,000 for upgrades to Douglas Park
- \$325,000 for sidewalk repair on Georgetown Street
- \$260,000 for new wrought iron fence for African-American Cemetery #2 (Stella Stewart would be thrilled with that.)
- \$100,000 to finish the speed hump project in the Bell Court neighborhood
- \$75,000 for the Bell Place and Studio Players sidewalk and handicap accessibility project
- \$250,000 as a leveraged project through Community Development to provide for rehab or new construction of energy efficient homes
- \$150,000 to provide more prominent crosswalks in the downtown neighborhood areas
- \$50,000 to leverage the development of the old Kmart site on New Circle Road
- \$250,000 to be leveraged with other funds for acquisition and development of the Lyric Theater site
- \$100,000 to be leveraged with other funds for development of the Third Street corridor between Elm Tree Lane and Midland Avenue
- \$115,000 for bike lanes in the downtown area neighborhoods

These projects will make a significant difference in these areas and I urge Council support.

Last year this Council passed a World at Work Ordinance as the mechanism for determining what our civilian employees would be paid. I am happy to announce that this coming fiscal year our employees will receive a 3.8% pay increase. That is slightly higher than last year and provides two consecutive years of positive increases for the LFUCG civilian workforce.

The structure movement associated with World at Work will be 2.4%. This structure movement impacts our starting rates and ability to hire. Again, slightly higher than last year.

This budget also provides the requested funds to address pay inversions at the divisional level and \$750,000 to address the backlog of equity appeals. Because of the steps the Administration proposed a few months ago that were supported by the Council, we are significantly reducing the future impact of equity hires from outside government.

During this Administration, there has been a push to find ways to do things as efficiently as possible. As our efficiency increases, our productivity goes up. That is the underlying premise behind the recommendations of the Commission on Budget Effectiveness, a committee composed of seven (7) people appointed by the Vice Mayor.

We are presently working with the Council and the Commission to implement some of the recommendations from their report. If properly executed, these suggestions will give our managers more flexibility to do the jobs they were hired to do, while still preserving the accountability demanded when managing the public's tax dollars.

Often times improving efficiency and raising productivity does not require a significant outlay of money. However, sometimes a strong financial investment is required. That is the case regarding the technology utilized by this government.

We have included in this budget an \$8.7 million investment to develop and implement a Financial and Human Resources Information System. Internally we've referred to this as an ERP. It is without question that we still perform too many technical operations manually. The amount of paper that we move is sometimes staggering. This project will streamline the entire operation.

We need hardware, software, and training to enable us to take a major step forward in technology. Because this process is so labor intensive, it will be necessary to hire several people in various divisions who can back fill for people that will need to be assigned to the project team full time. You may recall that Government Finance Officers Association, or GFOA, our consultant on this initiative, told us it may take 18 - 30 months to fully implement the ERP.

The implementation of such an investment must be led by someone with a specific technical skill set. We've been advised that organizations achieve their best results when they are led by a Project Manager who focuses solely on leading the ERP effort. I have placed \$120,000 in the CAO budget for us to hire the appropriate person under contract to guide us.

Let us all understand that to make the advancement that we need in technology it will require a sustained level of human and financial capital. The end result, however, will be worth it.

We will be able to produce information faster, in a more user friendly format, while still maintaining the proper backup detail. We will be able to serve the public better and make decisions in a more efficient manner. Time is money and in the long run LFUCG and the community will reap the benefits from this project.

Our new mission statement says:

Working in partnership with the community to provide a safe and secure environment, excellent customer service, a vibrant organization, and economic opportunity empowering all to thrive.

It took a lot of time and a lot of people to develop that statement. When all is said and done we prosper as a community when people have opportunities to be gainfully employed, enabling them to provide for themselves and their families. That comes through expanded economic opportunity.

We need to do more to stimulate job growth, leverage investment, and encourage more businesses to call Lexington home. I have placed \$500,000 in this budget for our office of Economic Development. It is to be used in collaboration with Commerce Lexington or the Downtown Development Authority, or to help us take advantage of economic opportunities that come independently to city government.

I have also included \$50,000 to assist the Airport to strengthen its ability to market the advantages of improved air service into and out of Lexington.

We have also continued our commitment to provide \$2 million for the PDR Program.

If you drive around Fayette County it is immediately obvious that we have development taking place everywhere. In terms of pure economic growth that is a good sign. But as we grow we need to be able to refine our economic strategy, with the goal of maintaining the countryside that makes Fayette County a desirable and unique place to live and work. To do this we need an economic base study.

A study of this type will identify the areas leading economic activities. This will allow us to assess the opportunities and constraints of our community. Simply put, we need to better determine our land use needs to ensure we have a match with the economic activity that will generate the most jobs. This study will be conducted through our Division of Planning working with outside consultants. I have included \$180,000 to get this done.

There is \$173,000 for the Downtown Development Authority to expand their work stimulating the growth of downtown.

There is a magnificent synergy going on in the downtown area. New housing options, restaurants, first class meeting space, and scores of people working on a new downtown Master Plan. We still have a few missing pieces but it is important that we cultivate our growth in a coordinated way.

One of the things that would benefit from better coordination is parking. We have revenue generating garages, parking meters that need to be replaced by newer models with better technology, an uneven enforcement effort, and no one who gets up each morning with a focus of maximizing the results of coordinated parking management. It is time that we changed that.

Today I am proposing the creation of a revised Parking Authority. For the past several months we have had an internal work group researching the best way to accomplish this task.

We have determined that we can utilize an existing Parking Authority organization that was created by ordinance and has been dormant for several years.

My Administration proposes moving our four (4) revenue generating garages, presently under General Services, to the jurisdiction of the newly updated Authority. All parking enforcement, collections, towing policies and contracts, and residential permit parking would fall under the Authority. Any new parking structures that need to be built would be facilitated by the Parking Authority. It would also have bonding capacity.

We propose a small staff to run it, governed by an appointed Parking Authority Board. With focused enforcement, collections should go up and downtown will be enhanced by a coordinated parking management function.

We are still fine tuning some details but with Council support we want to make this a reality early in the new fiscal year.

I want to take a few moments to share my vision for an important area of Lexington. This Administration has worked tirelessly to help the Housing Authority secure a HOPE VI grant of \$20 million to redevelop the Bluegrass Aspendale neighborhood. We are still awaiting word on that grant.

For years we have talked about the Lyric Theater site. It is time to move forward with it. I have directed the Law Department to take all appropriate steps to move forward as quickly as possible to finalize our ownership of the Lyric Theater site. I invite the Council to work with us and others from the community to plan for a new development at that site.

The Lyric sits on Third Street and Elm Tree Lane. A few blocks east of there will be the new boulevard leading into Bluegrass Aspendale as you approach Midland Avenue.

We cannot spend money to do a new and improved Bluegrass Aspendale and a redeveloped Lyric site, while allowing the Third Street corridor to remain in its present condition. With the proposed Main & Rose project and the new developments occurring on Midland Avenue, I hope you can see that we have the potential to deliver a major overhaul to that portion of East End.

LFUCG does not have all the answers and we certainly don't have all the money. With the proposals I've presented today we have assembled \$250,000 for planning and projects along the Third Street corridor between Elm Tree and Midland plus \$250,000 for the Lyric site. I have asked The Downtown Development Authority to convene a

meeting of the financial institutions in our city so that we can sit down with them to develop a new Third Street Partnership including Phillips Memorial CME Church and others to improve the area.

Several years ago this community created PDR to protect our agricultural and thoroughbred perimeter. A by-product was to be an increased infill and redevelopment of the inner city.

To strengthen our efforts to accomplish this, I have placed two (2) new positions plus an intern component in the Division of Planning to focus on infill and redevelopment. In the coming fiscal years this government will need to invest in our inner city even more to improve the quality of life in our neighborhoods.

Let's shift our focus now to our Parks system. This is certainly an area of interest for the Council. Parks are, without question, a great treasure for Fayette County residents. It has been challenging for several years to properly maintain this valued asset. I am proposing today a bond package of \$2,282,000 to address some capital needs in our parks.

Specifically, this would cover nine (9) different projects throughout our community including: facility renovation, the Raven Run Nature Center, bridges & trails, playgrounds, ball fields & courts, new park development, existing park renovation and finally, parking improvements. We can afford to bond these projects and we need to do it.

This budget also includes increases at the Mayor's Training Center for customized training and the STEP Program.

Large projects aside, sometimes a small investment can make a world of difference. For \$10,000 we will be able to secure an Internet Procurement software package in the Division of Purchasing that will enable us to reach and do business with more minority companies. For just \$20,000 we are able to participate in the national Aging in Place Initiative. This summer we will host people from around the country that will help us plan for our growing aging population.

I would now like to talk to you about customer service. It serves as the foundation of our relationship with the public. We have a lot of employees across the government who work as the initial points of contact with the public. There are a large

number of employees behind that group who aren't necessarily the first point of contact, but frequently must also interact with the public.

Most of our employees do a fine job with this but as an institution, we can improve. To formulate our program we hired Marianne Blodgett, our former Director of Government Communications. She was a long tenured employee who left us as part of the Early Retirement Incentive Program we did a year ago. She worked directly with our CAO to get this done.

Government officials in Charlotte, Jacksonville, Louisville, and San Jose were interviewed. Private sector representatives from Fazoli's, Universal Studios, and others were also interviewed. Internet searches and other sources were used as background information.

The elements of the customer service program I'm announcing today include:

- standards for telephone, email, face-to-face interaction and handling written correspondence
- a training component managed by our Division of Human Resources to ensure our employees learn the standards and how they are to be used
- obtaining customer feedback from people who have interacted with this government using surveys, phone calls, post cards and unsolicited feedback
- incorporating customer service into our performance appraisal system
- developing a rewards component for employees who do an exceptional job with customer service

These elements were shared with all of our directors last Friday. We are setting up an internal steering committee to develop the rewards and review our progress as we train up to the standards. We're looking for consistent, top notch customer service across the board. The public should expect no less.

We will always have at least one wild card to deal with. This year we have two, the ever escalating fuel prices and the cost of steel, which affects construction projects.

Our revenues are up and we have tried to make good use of the resources we have. The Budgeting Staff, Commissioners and CAO have put in a lot of work helping develop this budget. I would like to thank them.

Councilmembers, it is now your turn. I know you will seriously deliberate over the choices we are presenting to you today. My Administration stands ready to work with you. Thank you for all that you all do. Let us continue to give the sustained effort it takes to realize success. Because we work together, Lexington is a safe, prosperous, and creative community.

The Council adjourned at 1:52 p.m.

Clerk of the Urban County Council